

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

Golf Emporium Corporation
a/k/a Golf Imporium Corporation
1 NY Plaza, Suite 162
New York, New York 10004

Eport Sports Corporation
a/k/a Esports Sports Corporation
Trimax, 7618 13th Avenue
Brooklyn, New York 11228

Gary Shultz
c/o Golf Emporium Corporation
1 NY Plaza, Suite 162
New York, New York 10004

Respondents

Issued and entered this
20th day of May, 2004
by Linda A. Watters,
Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Services (hereafter OFIS), of the Michigan Department of Labor & Economic Growth, pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCL 24.201 et seq., the Michigan Uniform Securities Act, 1964 PA 265, as amended; MCL 451.501 et seq. (hereafter the Act), and the rules promulgated under the Act (hereafter the Rules), says that:

I
BACKGROUND

1. Golf Emporium Corporation a/k/a Golf Imporium Corporation (Golf) is an entity whose last known address is 1 NY Plaza, Suite 162, New York, New York 10004
2. Eport Sports Corporation a/k/a Esports Sports Corporation (Eport) is an entity whose last known address is Trimax, 7618 13th Avenue, Brooklyn, New York 11228.
3. Gary Shultz, (Schultz) whose last known address is c/o Golf Emporium Corporation, 1 NY Plaza, Suite 162, New York, New York 10004.
4. From approximately December 16, 1998 to August 16, 1999, Shultz made telephone solicitations to a Michigan residents. These solicitations offered and sold stocks that were issued by Golf and Eport.
5. On approximately, September 22, 1999, OFIS received a complaint from a Michigan resident concerning Respondents.
6. The complaint alleged that Respondent Schultz sold 12,500 shares of stock issued by Eport and 120,000 shares issued by Golf for a total cost of \$260,000 to the complainant.
7. At not time material herein were the securities registered or exempt from registration.
8. Section 301 of the Act, MCL 451.701 states that it is unlawful for any person to sell securities that are unregistered, and not subject to an exemption under the Act.
9. At no time material herein were Respondents registered as a broker-dealer or a registered sales agent by the National Association of Securities Dealers (NASD) nor approved for registration in Michigan.

10. Section 301 of the Act, MCL 451.701, provides that it is unlawful for any person to offer or sell any security in this state unless 1 of the following is met:
 - a. It is registered under the Act
 - b. The Security or transaction is exempted under Section 402 of the Act, or
 - c. The security is a federally covered security.
11. Respondent Shultz did not disclose the fact that:
 - a. He was not authorized to sell securities in this State; or
 - b. The securities he was offering were not registered in this State
 - c. The transaction did not qualify for any exemption granted by the Act.
12. Section 101(2) of the Act, MCL 451.501(2), provides that it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.
13. Section 101(3) of the Act, MCL 451.501(3) states that it is unlawful for any person, in connection with the offer or sale of securities, to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.
14. Respondents failed to have the stock certificates signed by a duly authorized officer, or have the certificates been sealed with the seal of the Corporation.
15. Respondents accepted money for 30,000 shares of Golf stock and 12,500 shares of Eport stock, but never issued or delivered the stock to Complainant.

16. Respondents failed to provide Complainant with material facts regarding Golf and Eport, prior to Complainant investing in Golf and Eport stock.
17. By certified letter dated December 7, 1999 and received by Respondents on December 10, 1999, the Administrator required the Respondents to file, with the Bureau, predecessor of OFIS, a written statement as to all the facts and circumstances concerning the securities activities of the Respondents regarding the offer and sale of Golf's stock and Eport's stock within the State of Michigan.
18. Respondents failed to provide the written statement required by the Administrator.
19. Sections 407(a)(2) and 407(b), MCL 451.807(a)(2) and 451.807(b), state that it is a violation of the Act to fail to provide a statement in writing as required by the Administrator.

CONCLUSIONS OF LAW

WHEREAS, Section 408 of the Act, states that whenever it appears to the Administrator (Commissioner of the Office of Financial and Insurance Services) that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with this act or any rule or order hereunder; and

WHEREAS, the Administrator finds that a person must be registered under Section 201 of the Act in order to offer to sell or sell investments; and

WHEREAS, the records of OFIS disclose that neither Golf Emporium, Eport Sports Corporation, or Gary Shultz were licensed to conduct business in the State of Michigan; and

WHEREAS, the investment offered by Golf Emporium, and Eport Sports Corporation are a security within the meaning of Section 401; and

WHEREAS, the records of OFIS disclose that the investments offered by Respondents were not:

- a. Registered under Section 302 of the Act;
- b. Exempt from registration under Section 402 of the Act; and
- c. Federally covered securities; and

WHEREAS, the records of OFIS disclose that the securities transactions relating to Golf Emporium, and Eport Sports Corporation are not exempt under Section 402 of the Act; and

WHEREAS, the Administrator finds that the Respondent Gary Shultz omitted to state the material fact that they are not licensed under the Act and the investments sold are unregistered securities; and

WHEREAS, based on the foregoing, the Administrator finds that Respondents are engaged in acts and practices that violate Sections 101, 201, 301, and 407(a)(2) of the Act and Rules promulgated under the Act; and

WHEREAS, the Administrator finds this action necessary and appropriate in the public interest for the protection of the public and consistent with the purposes fairly intended by the policy and provisions of the Act.

IT IS THEREFORE ORDERED, pursuant to Section 408 of the Act, MCL 451.808, that:

The Respondents shall immediately CEASE AND DESIST from transacting business in this state as a broker-dealer or agent, or an investment adviser without being registered under the Act and from offering to sell or selling unregistered securities in and from the State of Michigan.

Failure to comply with this ORDER will subject you to one or more of the following:

- a. A civil penalty of not more than \$1,000 for each violation of this act, but not to exceed a total of \$10,000.
- b. A criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.

You may file with the Administrator within 15 days after service of this Order a written request for a hearing. The Administrator, within 15 days after your filing, shall issue a notice of hearing and set a date for the hearing. Any request for a hearing should be addressed to: the Office of Financial and Insurance Services, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909. If you do not request a hearing, or it is not ordered by the Administrator within 15 days, this order will stand as entered and will be FINAL.

MICHIGAN DEPARTMENT OF
LABOR AND ECONOMIC GROWTH

By: _____
Linda A. Watters, Commissioner
Office of Financial and Insurance Services

